GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2204
ANSWERED ON:12.12.2008
RATE OF GROWTH
Sarvey Shri Sathyanarayana

Will the Minister of FINANCE be pleased to state:

(a)whether the country has the potential to sustain a high rate of growth for a longer period; and

(b)if so, the reaction of the Government thereto?

Answer

MINISTER OF STATE (EXPENDITURE, BANKING & INSURANCE)(SHRI PAWAN KUMAR BANSAL)

(a)Yes, Sir.

(b)The savings and investment ratios which determine the growth potential of the economy are robust. Gross Domestic Savings have increased from a level of 31.8 percent of Gross Domestic Product (GDP) in 2004-05, to 34.3 percent of GDP in 2005-06 and to 34.8 percent of GDP in 2006-07 . Gross Domestic Capital Formation during the same period increased from 32.2 percent in 2004-05 to 35.5 percent in 2005-06 and to 35.9 percent of GDP in 2006-07.

The Eleventh Five Year Plan envisages a continuation in the uptrend in domestic investment observed in the Tenth Plan, to an average of 36.7 percent of GDP, supported by the domestic savings rate of 34.8 percent of GDP for achieving an average growth rate of 9 percent per year, during the Eleventh Plan period.